

0510.32 Solicitation Process – *Pre-Award*

Issued October 31, 2007

SUBJECT: Bid Process – Pre-Award

APPLICATION: Executive branch departments and sub-units.

PURPOSE: To provide a description of the various types of procurements handled by Purchasing Operations and to specify procedures for making such purchases.

CONTACT AGENCY: Department of Management and Budget (DMB)
Business Services Administration
Purchasing Operations (PurchOps)

TELEPHONE: 517/335-0230

FAX: 517/335-0046

SUMMARY: These procedures apply to procurement of all commodities, general and professional services, and information technology products and services under the jurisdiction of PurchOps, and as such are mandatory for executive branch departments/agencies (including delegated authority purchases) unless specifically provided otherwise by statute.

Solicitations fall into one of three process types:

Quote - informal process for obtaining pricing from supplier(s) for specific commodities/services (should only be used for low risk/low dollar purchases). As each agency has specific challenges relative to their own operations, definitions of “low risk” and “low dollar” purchases will vary across each organization. It should also be kept in mind that some low dollar purchases still carry a high risk. An example of this could be a purchase made for provision and installation of data and voice communication cable valued at \$35,000. If an existing buried major feed cable is cut by the contractor in the course of this smaller project, the damages could exceed millions in data and operations costs. Each purchase request must be assessed on an individual basis to determine the most appropriate solicitation method.

Invitation to Bid (ITB) - formal process for obtaining pricing for specific commodities/services (generally used for commodities with requirements defined through design specifications. This process does not allow for clarifications, discussions, or negotiations; it simply allows for an evaluation of whether responding bidders are responsive and responsible, and from that point the decision is based on price). The “best value” concept has limited application within this process, unless a “total cost of ownership” concept is applied and is actually measurable within the parameters published in the ITB.

- **Best Value** - an assessment of the return which can be achieved based on the total life cycle cost of the item; may use cost/benefit analysis to define the best combinations of quality, service, time, and cost considerations over the useful life of the acquired item.
- **Total Cost of Ownership** - an assessment of all costs associated with the purchase of an item, including storage, maintenance, supplies, and disposal along with the initial purchase price.

Request for Proposal (RFP) - formal process affording the greatest level of flexibility within the evaluation phase with performance/functional specifications. Well suited for solicitations in which oral presentations, clarifications, and/or negotiation processes may be required. This procurement process allows for

structured communication between the purchaser and bidders within the available published (RFP) options, conducted in an ethical and equitable fashion.

**APPLICABLE FORMS: Procurement Initiation Letter (PRF)
AND PROCESSES ITB/RFP Template**

Civil Service Annual Disclosure

MAIN Electronic Documents & Processes:

- Requisition Header-REQ (PCHL2100)
- Invitation to Bid-ITB (PCHL2311)
- Contractual Services Request-CS-138 (PCHL2117)

DMB PurchOps procedures & policy Letters:

- Service Level Agreement Letter (SLA) for solicitations, and amendments
- Signature Authority Letter
- Internal Procedures for Quotes, Invitations to Bid (ITB), and
- Procurement Definitions Document

Procurement Documentation:

- Requests for Proposal (RFP)
- Confidentiality Statements
- Contract Folder Tabs 1-6

APPROVALS: Services: The disbursement of funds to pay for services performed by an independent contractor must have the prior approval of the Civil Service Commission pursuant to the CS-138 process (PCHL2117). See the Department of Civil Service Website at www.michigan.gov/mdcs.

Agency & PurchOps: Internal approvals must be obtained and documented according to agency policies and procedures, including provisions surrounding delegated and signature authority.

PROCEDURES:

Agency:

- Must follow their department's procurement policies and procedures, recognizing that the policies and procedures of the delegating authority supersede those of the department in the event of a conflict.
- Completes a PRF, posts an ADPICS REQ (PCHL2100) and obtains CS138 approval as necessary (see procedure 0510.31, Procurement Request).
- For procurement requests expected to generate either Quotes or an ITB (see Summary above), develops Statement of Work (SOW) according to procedure 0510.31 for commodity and general services. ITB draft documents submitted should be complete (based on the appropriate template published on the DMB PurchOps intranet site).
- For procurement requests expected to generate an RFP, develops Statement of Work (SOW) according to procedure 0510.31 for IT, professional services and performance based contracts. RFP draft documents submitted should be complete (based on the appropriate template published on the DMB PurchOps intranet site).
- Proposes criteria for evaluating and awarding the contract; name of the contract compliance inspector, project manager or other contact person to be granted a specified level of express authority within the final purchase document; current vendor and list of additional recommended vendors, and any other information that would be beneficial to the vendor community in responding to the Quote, ITB or RFP, if issued. If this information is provided in a separate document, include the requisition number on this document. At the request of the department, PurchOps can assist in the development of the work statement (see procedure 0510.31 regarding statements of work), specifications, and the award criteria.

- Provides the information outlined in the preceding bullet in an electronic format. Transmits the information to PurchOps with an email to the assigned buyer once the REQ is approved and posted by DMB PurchOps (PCHL9210), and the buyer assignment is noted. Includes the requisition number in the email message. All requisition attachments must be submitted in an electronic format (with the exception of blueprints, drawings, samples, etc.) to be posted on the PurchOps Website (www.michigan.gov/doingbusiness).
- Department/Agency staff should focus on development of the work statement (Article 1) and providing a draft of the evaluation and bidding instructions (Article 4). Although all articles are to be included in the draft submitted by the agency, the areas where agencies will be most active in development of the ITB/RFP, are Articles 1 and 4 (or the articles which include the SOW and the evaluation and selection criteria at the time of document development).

PurchOps:

- Assigns and forwards REQ, signed PRF and any associated attachments to buyer according to procurement request and statement of work procedures. (See procedures 0510.30 Procurement Request & 0510.31 Statement of Work)
- PurchOps buyer confirms that the terms, conditions, certifications and representations incorporated into the solicitation document(s) are appropriate for the request. PurchOps buyer will work with the department to determine the appropriate terms and conditions and recommend any modifications during review of the complete draft ITB/RFP document submitted.
- Ensures that the request will allow for competition, or ensures that any requests for services to be performed by a public-supported college or university or by a governmental entity have sufficient and relevant justification attached.
- PurchOps buyer reviews the REQ and all associated attachments, including the ITB or RFP draft if applicable, noting any questions, suggestions, and/or recommendations. (Also see procedure 0510.31 Statement of Work, for Article 1.)
- Based on published policies/procedures buyer will develop a procurement plan including the proposed method of solicitation (Quote, ITB, RFP), task list with assignments, and anticipated time frames for completion.
- PurchOps buyer contacts the agency contact provided for the department to collaboratively review and revise the procurement plan and any ITB/RFP draft notes or comments.
- In consultation with the department, reviews award criteria to ensure they will result in the proper selection of a vendor, determines the risks associated with the purchase; and incorporates the necessary terms and conditions that will provide adequate protection for the State. Walks through the cost model with the department to ensure that the chosen structure is consistent with the industry from which the goods and/or services are to be procured, that it is understandable, and that it will allow for equitable and fair comparison between bidders. Reviews the final document with the department.
- If the value of the procurement is estimated to be between \$25,000 and \$50,000, a contract or purchase order may be awarded by PurchOps from informal bids/quotes that have either been taken by the department or PurchOps.
- If the value of the procurement is estimated to be between \$50,000 and \$100,000, a competitive ITB or RFP will be posted on the PurchOps Website, www.michigan.gov/doingbusiness, and an email notice of the posting may be sent to all vendors included on the suggested vendor list provided by the agency with the REQ, in the event the buyer determines that additional notice is appropriate and/or desirable to insure competition. Email notifications will be sent only in the event the email addresses have been provided by the agency with the initial procurement request.
- If the value of the procurement is estimated to be \$100,000 or greater, PurchOps will issue a sealed competitive solicitation ITB/RFP (ADPICS Invitation to Bid Definition Screen PCHL2311) to the vendor community, by posting the solicitation on the PurchOps Website. Both vendors suggested by the department and incumbent vendors should be included in any notification email sent out alerting vendors that the solicitation is posted on the PurchOps Website. A sealed solicitation remains sealed until after the bid due date and time has passed, and the responses have all been logged in.

- While the solicitation is out for bid and until the award is made, acts as the sole contact point with the vendor community. If agency staff receives inquiries regarding a solicitation, they should not respond, but should direct vendors to PurchOps.
- Schedules and holds a prebid meeting and/or site visit(s), if needed.
- Collects all questions from bidders submitted by the published deadline for questions. Maintains responsibility for obtaining answers/responses. Posts the questions and responses through an addendum on the PurchOps Website.
- Keeps the department informed of all progress throughout the process and all issues that arise.
- Completes the procurement process according to the process published within the solicitation. This may include evaluation by a JEC, (see procedure 0510.33 Evaluation)
- Documents the results of each phase of the solicitation process. According to current Signature Authority Letter, obtains and secures all necessary internal reviews, sign-offs, and approvals. (See procedure 0510.35 Award Recommendation)
- If the recommendation will be resulting in a contract, works with the department to develop the contract that incorporates all the State's requirements and the recommended vendor's acceptable offer, mails notification of award recommendation, and obtains vendor's signature on the final contract agreement. (Also see procedures 0510.33 Evaluation, and 0510.35 Award Recommendation)
- Obtains required agency approvals, PurchOps internal approvals, and administrative approvals including the State Administrative Board. (See procedure 0510.36 State Administrative Board and Award, and the Department of Civil Rights procedure 0630.01 Bidder's and Contractor's Certificates)
- According to signature authority, obtains the State's signature on the final contract agreement signed by the vendor, or if the approved recommendation is for a purchase order, issues the purchase order. A contract that contains the signature of the contractor and the State contracting agent is used for all professional services (both short and long term), recurring services, and commodities. A purchase order can be used for the one-time purchase of commodities or for non-professional and general labor services provided they are of low risk, routine, and will be completed within a one-year period or less. (See procedure 0610.01 Award)
- Places all documentation of the Bid process in the appropriate bid folder/contract folder tab for future reference and use.

AUTHORITY: Relevant Acts:

- Public Act 431, of 1984 as amended (Governing Authority)
- Public Act 91, of 2005 (Service Disabled Vet Preference)
- Public Act 237 of 1988 (Reciprocal Preference Table)
- Public Act 112 of 1988 (Persons with Disabilities)
- Public Act 124, of 1999 (Requirement to post all requests estimated at over \$50,000 on a public Website)

* * *